

## Message Text

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ACTION EB-07

INFO OCT-01 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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P 260709Z JUN 75

FM AMEMBASSY CANBERRA

TO USMISSION GENEVA PRIORITY

INFO SECSTATE WASHDC PRIORITY 6033

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E.O. 11652: N/A

TAGS: GATT, ETRD, AS

SUBJ: GATT ARTICLE XIX CONSULTATIONS WITH AUSTRALIA ON STEEL  
SHEET AND PLATE

REF: GENEVA 4190

1. THE FOLLOWING, DRAWN MAINLY FROM AUSTRALIAN TEMPORARY  
ASSISTANCE AUTHORITY (TAA) STUDY RECOMMENDING QRS ON UNCOATED  
STEEL SHEETS, MAY BE USEFUL TO MISSION IN ITS MEETINGS WITH  
AUSTRALIANS ON THIS TOPIC.

2. RESTRAINT MEASURES WERE TAKEN AS RESULT OF TAA STUDY  
INITIATED AT REQUEST OF SOLE AUSTRALIAN PRODUCER OF SHEET  
STEEL, JOHN LYSAGHT (AUSTRALIA) LTD. LYSAGHT CLAIMED INCREASING  
VOLUME OF EXPORTS DURING 1973 AND 1974 "PLACED COMPANY'S  
FUTURE IN JEOPARDY". COMPANY ESTIMATED THAT ABOUT 1,000 OF ITS  
WORKFORCE OF 7,200 WOULD BECOME REDUNDANT IN 1975 UNLESS ITS  
SHARE OF LOCAL MARKET INCREASED -- APPARENTLY TO VIRTUALLY  
100 PCT. MUCH OF LYSAGHT CONCERN STEMMED FROM NEED TO UTILIZE  
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APPROXIMATELY 500,000 TON CAPACITY ADDED WITH COMMISSIONING OF

STAGE ONE OF WESTERNPORT, VICTORIA COLD-ROLLING PLANT IN 1972-73.

3. TAA FOUND LYSAGHT ARGUMENTS PERSUASIVE, PARTICULARLY ASSERTION 1,000 JOBS IN JEOPARDY, AND AGREED THAT NECESSARY PROTECTION WOULD NOT BE AFFORDED BY TEMPORARY DUTY. IT RECOMMENDED AND GOA ACCEPTED A QUOTA BASED ON 25 PERCENT OF IMPORTS DURING TWO YEARS ENDED DECEMBER 1973. OBJECTIVE IS TO LIMIT IMPORTS OF UNCOATED STEEL TO ABOUT 70,000 TONS PER YEAR.

4. DATA INCLUDED IN TAA REPORT DO SHOW LYSAGHT SHARE OF DOMESTIC MARKET DECLINING WHILE THAT OF IMPORTS EXPANDING (FIGURES IN THOUSAND TONS).

	TOTAL SUPPLIES	LYSAGHT SALES (AND PCT SHARE)	IMPORTS (AND PCT. SHARE)
1970	525	434 (83)	91 (17)
1971	507	405 (80)	102 (20)
1972	497	395 (79)	102 (21)
1973	668	494 (74)	174 (26)
1974	753	495 (66)	258 (34)

5. EVIDENCE SUBMITTED BY OVERSEAS SUPPLIERS AND IMPORTERS SHOWED A STEADY DROP-OFF IN SHIPMENTS DURING LAST HALF 1974 FROM 34.4 THOUSAND TONS IN JULY TO 13.8 THOUSAND TONS IN DECEMBER. HOWEVER, TAA DECIDED THAT THIS WAS NOT CONCLUSIVE EVIDENCE OF CONTINUING DOWNWARD TREND.

6. MOST IMPORTS OF UNCOATED STEEL COME FROM JAPAN, THOUGH JAPANESE SHARE HAS FALLEN FROM 98 PCT. IN 1971 AND 1972 TO LESS THAN 70 PCT. IN 1974. US AND KOREA HAVE BECOME SIGNIFICANT SUPPLIERS IN RECENT YEARS. US SHARE IN FY73 WAS NEGLIGIBLE BUT ACCOUNTED FOR 4 PCT. (BY VOLUME) IN FY74. SHARE IS PROBABLY HIGHER SINCE FIGURES FOR US DO NOT INCLUDE ADMISSIONS UNDER BY-LAW (I.E. WHEN LOCALLY PRODUCED EQUIVALENT NOT AVAILABLE).

7. ACCORDING TO USDOC DATA AVAILABLE TO EMBASSY MONTHLY US EXPORTS OF IRON AND STEEL PLATES AND SHEETS -- UNCOATED SINCE JAN. 1974 ARE AS FOLLOWS (THOUSANDS \$US):

JAN 74	1,079	MAY	1,769	SEP	237	JAN 75	243
FEB	296	JUN	3,891	OCT	152	FEB	305

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MAR	246	JUL	202	NOV	368	MAR	252
APR	844	AUG	226	DEC	143		

NOTE ABNORMALLY HIGH VALUE OF SHIPMENTS IN JAN., APR., MAY AND JUNE 1974.

8. COMMENT: WE SUGGEST MISSION PROBE AUSTRALIANS IN SOME DETAIL AS TO EFFECT Q.R.S HAVE HAD ON MONTHLY LEVELS OF IMPORTS. AS STATED PARA. 3, OBJECTIVE, AS WE UNDERSTAND IT, WAS TO

LIMIT IMPORTS TO ABOUT 70,000 TONS PER YEAR -- APPROXIMATELY  
6,000 TONS A MONTH. EFFECT SEEMS TO HAVE BEEN FAR MORE  
DRASTIC, AS SUGGESTED BY FOLLOWING DATA OBTAINED FROM AUSTRALIAN  
BUREAU OF STATISTICS ON MONTHLY IMPORTS FIRST FOUR MONTHS  
1975 (IN TONS):

JAN 17,163

FEB 1,506

MAR 1,088

APR 330

BY THESE FIGURES IMPORTS SEEM TO BE WELL ON WAY TO BEING  
TOTALLY SHUT OFF. WHETHER THIS IS RESULT OF IMPOSITION OF  
Q.R.S, WHICH WERE EFFECTIVE JAN. 1 BUT ANNOUNCED EARLY MARCH,  
OR DEMAND DECLINE MAY BE IMPOSSIBLE TO JUDGE AT THIS POINT.  
IT SHOULD NEVERTHELESS BE WORTH EXPLORING WITH AUSTRALIAN  
DELEGATION. END COMMENT.  
GREEN

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